

103D CONGRESS  
2D SESSION

**S. 1560**

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**AN ACT**

To establish the Social Security Administration as  
an independent agency, and for other purposes.

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## AN ACT

To establish the Social Security Administration as an independent agency, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE; AMENDMENT OF SOCIAL SECU-**  
4       **RITY ACT; TABLE OF CONTENTS.**

5       (a) SHORT TITLE.—This Act may be cited as the  
6       “Social Security Administration Independence Act of  
7       1994”.

1 (b) AMENDMENT OF SOCIAL SECURITY ACT.—Ex-  
 2 cept as otherwise expressly provided, whenever in this Act  
 3 an amendment is expressed in terms of an amendment to  
 4 or repeal of, a section or other provision, the reference  
 5 shall be considered to be made to that section or other  
 6 provision of the Social Security Act.

7 (c) TABLE OF CONTENTS.—The table of contents of  
 8 this Act is as follows:

Sec. 1. Short title; amendment of Social Security Act; table of contents.

#### TITLE I—ESTABLISHMENT OF NEW INDEPENDENT AGENCY

Sec. 101. Establishment of Social Security Administration as a separate, inde-  
 pendent agency.

Sec. 102. Commissioner and Deputy Commissioner of Social Security.

Sec. 103. Social Security Advisory Board.

Sec. 104. Personnel; budgetary matters; seal of office.

Sec. 105. Transfers to the new Social Security Administration.

Sec. 106. Transitional rules.

Sec. 107. Effective dates.

#### TITLE II—CONFORMING AMENDMENTS

Sec. 201. Amendments to titles II and XVI of the Social Security Act.

Sec. 202. Other amendments.

Sec. 203. Rules of construction.

Sec. 204. Effective dates.

#### TITLE III—SOCIAL SECURITY DISABILITY AND REHABILITATION

Sec. 301. Short title.

Sec. 302. Reform of monthly insurance benefits based on disability involving  
 substance abuse.

Sec. 303. Priority of treatment.

Sec. 304. Establishment of referral monitoring agencies required in all States.

Sec. 305. Proceeds from certain criminal activities constitute substantial gain-  
 ful employment.

Sec. 306. Consistent penalty provisions for SSDI and SSI programs.

1     **TITLE I—ESTABLISHMENT OF**  
2     **NEW INDEPENDENT AGENCY**

3     **SEC. 101. ESTABLISHMENT OF SOCIAL SECURITY ADMINIS-**  
4                   **TRATION AS A SEPARATE, INDEPENDENT**  
5                   **AGENCY.**

6         Section 701 (42 U.S.C. 901) is amended to read as  
7 follows:

8                 “SOCIAL SECURITY ADMINISTRATION

9         “SEC. 701. There is hereby established, as an inde-  
10       pendent agency in the executive branch of the Govern-  
11       ment, a Social Security Administration (hereafter in this  
12       title referred to as the ‘Administration’). It shall be the  
13       duty of the Administration to administer the old-age, sur-  
14       vivors, and disability insurance program under title II and  
15       the supplemental security income program under title  
16       XVI.”.

17     **SEC. 102. COMMISSIONER AND DEPUTY COMMISSIONER OF**  
18                   **SOCIAL SECURITY.**

19         Section 702 (42 U.S.C. 902) is amended to read as  
20 follows:

21                 “COMMISSIONER AND DEPUTY COMMISSIONER

22                         “Commissioner of Social Security

23         “SEC. 702. (a)(1) There shall be in the Administra-  
24       tion a Commissioner of Social Security (hereafter in this  
25       title referred to as the ‘Commissioner’) who shall be ap-

1 pointed by the President, with the advice and consent of  
2 the Senate.

3 “(2) The Commissioner shall be compensated at the  
4 rate provided for level I of the Executive Schedule.

5 “(3) The Commissioner shall be appointed for a term  
6 of 4 years coincident with the term of the President, or  
7 until the appointment of a qualified successor.

8 “(4) The Commissioner shall be responsible for the  
9 exercise of all powers and the discharge of all duties of  
10 the Administration, and shall have authority and control  
11 over all personnel and activities thereof.

12 “(5) The Commissioner may prescribe such rules and  
13 regulations as the Commissioner determines necessary or  
14 appropriate to carry out the functions of the Administra-  
15 tion. The regulations prescribed by the Commissioner shall  
16 be subject to the rulemaking procedures established under  
17 section 553 of title 5, United States Code.

18 “(6) The Commissioner may establish, alter, consoli-  
19 date, or discontinue such organizational units or compo-  
20 nents within the Administration as the Commissioner con-  
21 siders necessary or appropriate, except that this para-  
22 graph shall not apply with respect to any unit, component,  
23 or provision provided for by this Act.

24 “(7) The Commissioner may assign duties, and dele-  
25 gate, or authorize successive redelegations of, authority to

1 act and to render decisions, to such officers and employees  
2 of the Administration as the Commissioner may find nec-  
3 essary. Within the limitations of such delegations,  
4 redelegations, or assignments, all official acts and deci-  
5 sions of such officers and employees shall have the same  
6 force and effect as though performed or rendered by the  
7 Commissioner.

8 “(8) The Commissioner and the Secretary of Health  
9 and Human Services (hereafter in this title referred to as  
10 the ‘Secretary’) shall consult, on an ongoing basis, to en-  
11 sure—

12 “(A) the coordination of the programs adminis-  
13 tered by the Commissioner, as described in section  
14 701, with the programs administered by the Sec-  
15 retary under titles XVIII and XIX of this Act; and

16 “(B) that adequate information concerning ben-  
17 efits under such titles XVIII and XIX shall be avail-  
18 able to the public.

19 “Deputy Commissioner of Social Security

20 “(b)(1) There shall be in the Administration a Dep-  
21 uty Commissioner of Social Security (hereafter in this title  
22 referred to as the ‘Deputy Commissioner’) who shall be  
23 appointed by the President, with the advice and consent  
24 of the Senate.

1       “(2) The Deputy Commissioner shall be appointed  
 2 for a term of 4 years coincident with the term of the  
 3 Commissioner, or until the appointment of a qualified  
 4 successor.

5       “(3) The Deputy Commissioner shall be compensated  
 6 at the rate provided for level II of the Executive Schedule.

7       “(4) The Deputy Commissioner shall perform such  
 8 duties and exercise such powers as the Commissioner shall  
 9 from time to time assign or delegate. The Deputy Com-  
 10 missioner shall be Acting Commissioner of the Adminis-  
 11 tration during the absence or disability of the Commis-  
 12 sioner and, unless the President designates another officer  
 13 of the Government as Acting Commissioner, in the event  
 14 of a vacancy in the office of the Commissioner.”.

15 **SEC. 103. SOCIAL SECURITY ADVISORY BOARD.**

16       Section 703 (42 U.S.C. 903) is amended to read as  
 17 follows:

18               “SOCIAL SECURITY ADVISORY BOARD

19                       “Establishment of Board

20       “SEC. 703. (a) There shall be established a Social  
 21 Security Advisory Board (hereinafter referred to as the  
 22 ‘Board’).

23                       “Functions of the Board

24       “(b) The Board shall advise the Commissioner on  
 25 policies related to the old-age, survivors, and disability in-  
 26 surance program under title II and the supplemental secu-

1 rity income program under title XVI. Specific functions  
2 of the Board shall include—

3 “(1) analyzing the Nation’s retirement and dis-  
4 ability systems and making recommendations with  
5 respect to how the old-age, survivors, and disability  
6 insurance program and the supplemental security in-  
7 come program, supported by other public and pri-  
8 vate systems, can most effectively assure economic  
9 security;

10 “(2) studying and making recommendations re-  
11 lating to the coordination of programs that provide  
12 health security with programs described in para-  
13 graph (1);

14 “(3) making recommendations to the President  
15 and to the Congress with respect to policies that will  
16 ensure the solvency of the old-age, survivors, and  
17 disability insurance program, both in the short-term  
18 and the long-term;

19 “(4) making recommendations to the President  
20 of candidates to consider in selecting nominees for  
21 the position of Commissioner and Deputy Commis-  
22 sioner;

23 “(5) reviewing and assessing the quality of  
24 service that the Administration provides to the  
25 public;



1           “(6) reviewing and making recommendations  
2           with respect to policies and regulations regarding  
3           the old-age, survivors, and disability insurance pro-  
4           gram and the supplemental security income pro-  
5           gram;

6           “(7) increasing public understanding of the so-  
7           cial security system;

8           “(8) in consultation with the Commissioner, re-  
9           viewing the development and implementation of a  
10          long-range research and program evaluation plan for  
11          the Administration;

12          “(9) reviewing and assessing any major studies  
13          of social security as may come to the attention of  
14          the Board; and

15          “(10) conducting such other reviews and assess-  
16          ments that the Board determines to be appropriate.

17          “Structure and Membership of the Board

18          “(c) The Board shall be composed of 7 members who  
19          shall be appointed as follows:

20                 “(1) 3 members shall be appointed by the  
21                 President, with the advice and consent of the Sen-  
22                 ate. Not more than 2 of such members shall be from  
23                 the same political party.

24                 “(2) 2 members (each member from a different  
25                 political party) shall be appointed by the President

1 pro tempore of the Senate with the advice of the  
2 Chairman and the Ranking Minority Member of the  
3 Senate Committee on Finance.

4 “(3) 2 members (each member from a different  
5 political party) shall be appointed by the Speaker of  
6 the House of Representatives, with the advice of the  
7 Chairman and the Ranking Minority Member of the  
8 House Committee on Ways and Means.

9 “Terms of Appointment

10 “(d) Each member of the Board shall serve for a term  
11 of 6 years, except that—

12 “(1) a member appointed to fill a vacancy oc-  
13 ccurring prior to the expiration of the term for which  
14 a predecessor was appointed, shall be appointed for  
15 the remainder of such term; and

16 “(2) the terms of service of the members ini-  
17 tially appointed under this section shall expire as  
18 follows:

19 “(A) The terms of service of the members  
20 initially appointed by the President shall expire  
21 as designated by the President at the time of  
22 nomination, 1 each at the end of—

23 “(i) 2 years;

24 “(ii) 4 years; and

25 “(iii) 6 years.

1           “(B) The terms of service of members ini-  
2           tially appointed by the President pro tempore of  
3           the Senate shall expire as designated by the  
4           President pro tempore of the Senate at the time  
5           of nomination, 1 each at the end of—

6                       “(i) 4 years; and

7                       “(ii) 6 years.

8           “(C) The terms of service of members ini-  
9           tially appointed by the Speaker of the House of  
10          Representatives shall expire as designated by  
11          the Speaker of the House of Representatives at  
12          the time of nomination, 1 each at the end of—

13                      “(i) 3 years; and

14                      “(ii) 5 years.

15                      “Chairman

16          “(e) A member of the Board shall be designated by  
17          the President to serve as Chairman for a term of 4 years,  
18          coincident with the term of the President, or until the des-  
19          ignation of a successor.

20                      “Compensation

21          “(f) Members of the Board shall be compensated as  
22          follows:

23                      “(1) Members shall be paid at a rate equal to  
24          25 percent of the rate for level III of the Executive  
25          Schedule.

1           “(2) For days when the Board or any author-  
2           ized subcommittee of the Board meets, members  
3           who attend meetings on such days (including travel  
4           time) shall receive additional compensation in an  
5           amount equal to the daily equivalent of the rate for  
6           level III of the Executive Schedule.

7           “(3) While serving on business of the Board  
8           away from their homes or regular places of business,  
9           members may be allowed travel expenses, including  
10          per diem in lieu of subsistence, as authorized by sec-  
11          tion 5703 of title 5, United States Code, for persons  
12          in the Government employed intermittently.

13          “(4) Service on the Board shall not be treated  
14          as Federal service or employment for purposes of re-  
15          ceiving any benefits under chapters 83, 84, and 87  
16          of title 5, United States Code.

17          “(5) A member of the Board may elect coverage  
18          of a health benefits plan under chapter 89 of title  
19          5, United States Code. Such a member electing cov-  
20          erage shall have the applicable employee contribu-  
21          tions under section 8906 of such title withheld from  
22          pay for service as a member of the Board. The Ad-  
23          ministration shall pay the applicable Government  
24          contributions under such section 8906 for such  
25          member. The Office of Personnel Management shall

1 promulgate regulations to apply the provisions of  
2 chapter 89 of such title to Board members electing  
3 coverage as provided under this paragraph.

4 “Meetings

5 “(g) The Board shall meet not less than 6 times each  
6 year to consider a specific agenda of issues, as determined  
7 by the Chairman in consultation with the other members  
8 of the Board.

9 “Federal Advisory Committee Act

10 “(h) The Board shall be exempt from the provisions  
11 of the Federal Advisory Committee Act (5 U.S.C. App.).

12 “Personnel

13 “(i)(1) The Board shall, without regard to title 5,  
14 United States Code, appoint a Staff Director who shall  
15 be paid at a rate equivalent to a rate for the Senior Execu-  
16 tive Service.

17 “(2) The Board is authorized, without regard to title  
18 5, United States Code, to appoint and fix the compensa-  
19 tion of such additional personnel as the Board determines  
20 to be necessary to carry out the functions of the Board.

21 “(3) In fixing the compensation of additional person-  
22 nel under paragraph (2), the Board shall not authorize  
23 that any individual appointed under such paragraph be  
24 compensated at a rate that is greater than the rate of com-  
25 pensation of the Staff Director described in paragraph (1).

1 “Authorization of Appropriation

2 “(j) There are authorized to be made available for  
3 expenditure, out of the Federal Disability Insurance Trust  
4 Fund, the Federal Old Age and Survivors Insurance Trust  
5 Fund, and the general fund in the Treasury, such sums  
6 as the Congress may deem appropriate to carry out the  
7 purposes of this section.”.

8 **SEC. 104. PERSONNEL; BUDGETARY MATTERS; SEAL OF**  
9 **OFFICE.**

10 Section 704 is amended to read as follows:

11 “ADMINISTRATIVE DUTIES OF THE COMMISSIONER

12 “Personnel

13 “SEC. 704. (a)(1) The Commissioner shall appoint  
14 such additional officers and employees as the Commis-  
15 sioner considers necessary to carry out the functions of  
16 the Administration under this Act. Except as otherwise  
17 provided in any other provision of law, such officers and  
18 employees shall be appointed, and their compensation shall  
19 be fixed, in accordance with title 5, United States Code.

20 “(2) The Commissioner may procure the services of  
21 experts and consultants in accordance with the provisions  
22 of section 3109 of title 5, United States Code.

23 “(3) Notwithstanding any requirements of section  
24 3133 of title 5, United States Code, the Director of the  
25 Office of Personnel Management shall authorize for the  
26 Administration a total number of Senior Executive Service

1 positions which is substantially greater than the number  
2 of such positions authorized in the Social Security Admin-  
3 istration in the Department of Health and Human Serv-  
4 ices as of immediately before the date of the enactment  
5 of the Social Security Administration Independence Act  
6 of 1994 to the extent that the greater number of such  
7 authorized positions is specified in the comprehensive  
8 work force plan as established and revised by the Commis-  
9 sioner under subsection (b)(1). The total number of such  
10 positions authorized for the Administration shall not at  
11 any time be less than the number of such authorized posi-  
12 tions as of immediately before such date.

13 “Budgetary Matters

14 “(b)(1) Appropriations requests for staffing and per-  
15 sonnel of the Administration shall be based upon a com-  
16 prehensive work force plan, which shall be established and  
17 revised from time to time by the Commissioner.

18 “(2) Appropriations for administrative expenses of  
19 the Administration are authorized to be provided on a bi-  
20 ennial basis.

21 “(3) Funds appropriated for the Administration to  
22 be available on a contingency basis shall be apportioned  
23 upon the occurrence of the stipulated contingency, as de-  
24 termined by the Commissioner and reported to the  
25 Congress.

1                   “Employment Restriction

2           “(c) The number of positions in the Administration  
3 which may be excepted from the competitive service, on  
4 a temporary or permanent basis, because of the confiden-  
5 tial or policy-determining character of such positions, may  
6 not exceed at any time the equivalent of 10 full-time  
7 positions.

8                   “Seal of Office

9           “(d) The Commissioner shall cause a seal of office  
10 to be made for the Administration of such design as the  
11 Commissioner shall approve. Judicial notice shall be taken  
12 of such seal.”.

13 **SEC. 105. TRANSFERS TO THE NEW SOCIAL SECURITY AD-**  
14 **MINISTRATION.**

15           (a) FUNCTIONS.—There are transferred to the Social  
16 Security Administration all functions carried out by the  
17 Secretary of Health and Human Services with respect to  
18 the programs and activities the administration of which  
19 is vested in the Social Security Administration by reason  
20 of this title and the amendments made thereby. The Com-  
21 missioner of Social Security shall allocate such functions  
22 in accordance with sections 701, 702, 703, and 704 of the  
23 Social Security Act (as amended by this title).

24           (b) PERSONNEL, ASSETS, ETC.—(1) There are trans-  
25 ferred from the Department of Health and Human Serv-



1 ices to the Social Security Administration, for appropriate  
2 allocation by the Commissioner of Social Security in the  
3 Social Security Administration—

4 (A) the personnel employed in connection with  
5 the functions transferred by this title and the  
6 amendments made thereby; and

7 (B) the assets, liabilities, contracts, property,  
8 records, and unexpended balance of appropriations,  
9 authorizations, allocations, and other funds em-  
10 ployed, held, or used in connection with such func-  
11 tions, arising from such functions, or available, or to  
12 be made available, in connection with such functions.

13 (2) Unexpended funds transferred pursuant to this  
14 subsection shall be used only for the purposes for which  
15 the funds were originally authorized and appropriated.

16 (3) Any individual who is an employee of the Depart-  
17 ment and who was not employed on the date of the enact-  
18 ment of this title, in connection with functions transferred  
19 by this title to the Administration, but who was so em-  
20 ployed on the day before the date established pursuant to  
21 section 107(a), may be transferred from the Department  
22 of Health and Human Services to the Social Security Ad-  
23 ministration by the Commissioner under subparagraph  
24 (A) of paragraph (1), after consultation with the Secretary

1 of Health and Human Services, if the Commissioner deter-  
2 mines such transfer to be appropriate.

3 (4) Any individual who is an employee of the Depart-  
4 ment and who was employed on the date of the enactment  
5 of this title, solely in connection with functions transferred  
6 by this title to the Administration, and who was so em-  
7 ployed on the day before the date established pursuant to  
8 section 107(a), shall be transferred from the Department  
9 of Health and Human Services to the Social Security  
10 Administration.

11 (c) ABOLISHMENT OF OFFICE OF COMMISSIONER IN  
12 THE DEPARTMENT OF HEALTH AND HUMAN SERV-  
13 ICES.—Effective upon the appointment of a Commissioner  
14 of Social Security pursuant to section 702 of the Social  
15 Security Act (as amended by this title)—

16 (1) the position of Commissioner of Social Se-  
17 curity in the Department of Health and Human  
18 Services is abolished; and

19 (2) section 5315 of title 5, United States Code,  
20 is amended by striking the following:

21 “Commissioner of Social Security, Department  
22 of Health and Human Services.”.

23 **SEC. 106. TRANSITIONAL RULES.**

24 (a) TRANSITION DIRECTOR.—(1) Within 30 days  
25 after the date of the enactment of this Act, a transition

1 director shall be appointed by the President, who shall be  
2 selected on the basis of experience and knowledge of the  
3 operation of the Government.

4 (2) The transition director shall conduct activities  
5 necessary to ensure the transition of the Social Security  
6 Administration to the status of an independent agency in  
7 the executive branch of the Government. In conducting  
8 such activities before the appointment of the Commis-  
9 sioner of Social Security, the transition director shall con-  
10 sult regularly with the Director of the Office of Manage-  
11 ment and Budget. Upon such appointment, the transition  
12 director shall conduct such activities at the direction of  
13 the Commissioner of Social Security.

14 (3) The transition director shall be compensated at  
15 the rate provided for level IV of the Executive Schedule.

16 (4) Expenditures to carry out the purposes of this  
17 subsection shall be made out of the Federal Old Age and  
18 Survivors Insurance Trust Fund and the Federal Disabil-  
19 ity Insurance Trust Fund.

20 (b) INTERIM AUTHORITY FOR APPOINTMENT AND  
21 COMPENSATION.—

22 (1) APPOINTMENT OF COMMISSIONER.—Within  
23 60 days of the date of the enactment of this title,  
24 the Commissioner of Social Security shall be ap-  
25 pointed by the President pursuant to section 702 of

1 the Social Security Act (as amended by this title).  
2 If the appointment is made pursuant to such section  
3 before the date established pursuant to section  
4 107(a), the Commissioner of Social Security shall  
5 also perform the duties assigned to the Commis-  
6 sioner of Social Security in the Department of  
7 Health and Human Services.

8 (2) OTHER APPOINTMENTS.—At any time on or  
9 after the date of the enactment of this title any of  
10 the other officers provided for in sections 702 and  
11 703 of the Social Security Act (as amended by this  
12 title) may be nominated and appointed, as provided  
13 in such sections.

14 (3) COMPENSATION.—Funds available to any  
15 official or component of the Department of Health  
16 and Human Services, functions of which are trans-  
17 ferred to the Commissioner of Social Security or the  
18 Social Security Administration by this title, may  
19 with the approval of the Director of the Office of  
20 Management and Budget, be used to pay the com-  
21 pensation and expenses of any officer appointed pur-  
22 suant to this subsection until such time as funds for  
23 that purpose are otherwise available.

24 (c) CONTINUATION OF ORDERS, DETERMINATIONS,  
25 RULES, REGULATIONS, ETC.—All orders, determinations,

1 rules, regulations, permits, contracts, collective bargaining  
2 agreements (and ongoing negotiations relating to such col-  
3 lective bargaining agreements), recognitions of labor orga-  
4 nizations, certificates, licenses, and privileges—

5 (1) which have been issued, made, promulgated,  
6 granted, or allowed to become effective, in the exer-  
7 cise of functions (A) which were exercised by the  
8 Secretary of Health and Human Services (or the  
9 Secretary's delegate), and (B) which relate to func-  
10 tions which, by reason of this title, the amendments  
11 made thereby, and regulations prescribed there-  
12 under, are vested in the Commissioner of Social  
13 Security; and

14 (2) which are in effect immediately before the  
15 date established pursuant to section 107(a),  
16 shall (to the extent that they relate to functions described  
17 in paragraph (1)(B)) continue in effect according to their  
18 terms until modified, terminated, suspended, set aside, or  
19 repealed by such Commissioner, except that any collective  
20 bargaining agreement shall remain in effect until the date  
21 of termination specified in such agreement.

22 (d) CONTINUATION OF PROCEEDINGS.—The provi-  
23 sions of this title (including the amendments made there-  
24 by) shall not affect any proceeding pending before the Sec-  
25 retary of Health and Human Services immediately before

1 the date established pursuant to section 107(a), with re-  
2 spect to functions vested (by reason of this title, the  
3 amendments made thereby, and regulations prescribed  
4 thereunder) in the Commissioner of Social Security, except  
5 that such proceedings, to the extent that such proceedings  
6 relate to such functions, shall continue before such Com-  
7 missioner. Orders shall be issued under any such proceed-  
8 ing, appeals taken therefrom, and payments shall be made  
9 pursuant to such orders, in like manner as if this title  
10 had not been enacted, and orders issued in any such pro-  
11 ceeding shall continue in effect until modified, terminated,  
12 superseded, or repealed by such Commissioner, by a court  
13 of competent jurisdiction, or by operation of law.

14 (e) CONTINUATION OF SUITS.—Except as provided in  
15 this subsection—

16 (1) the provisions of this title shall not affect  
17 suits commenced before the date established pursu-  
18 ant to section 107(a); and

19 (2) in all such suits proceedings shall be had,  
20 appeals taken, and judgments rendered, in the same  
21 manner and effect as if this title had not been en-  
22 acted.

23 No cause of action, and no suit, action, or other proceed-  
24 ing commenced by or against any officer in such officer's  
25 official capacity as an officer of the Department of Health

1 and Human Services, shall abate by reason of the enact-  
2 ment of this title. Causes of action, suits, actions, or other  
3 proceedings may be asserted by or against the United  
4 States and the Social Security Administration, or such of-  
5 ficial of such Administration as may be appropriate, and,  
6 in any litigation pending immediately before the date es-  
7 tablished pursuant to section 107(a), the court may at any  
8 time, on the court's own motion or that of a party, enter  
9 an order which will give effect to the provisions of this  
10 subsection (including, where appropriate, an order for sub-  
11 stitution of parties).

12 (f) CONTINUATION OF PENALTIES.—This title shall  
13 not have the effect of releasing or extinguishing any crimi-  
14 nal prosecution, penalty, forfeiture, or liability incurred as  
15 a result of any function which (by reason of this title, the  
16 amendments made thereby, and regulations prescribed  
17 thereunder) is vested in the Commissioner of Social  
18 Security.

19 (g) JUDICIAL REVIEW.—Orders and actions of the  
20 Commissioner of Social Security in the exercise of func-  
21 tions vested in such Commissioner under this title (and  
22 the amendments made thereby) shall be subject to judicial  
23 review to the same extent and in the same manner as if  
24 such orders had been made and such actions had been  
25 taken by the Secretary of Health and Human Services in

1 the exercise of such functions immediately before the date  
2 established pursuant to section 107(a). Any statutory re-  
3 quirements relating to notice, hearings, action upon the  
4 record, or administrative review that apply to any function  
5 so vested in such Commissioner shall continue to apply  
6 to the exercise of such function by such Commissioner.

7 (h) EXERCISE OF FUNCTIONS.—In the exercise of the  
8 functions vested in the Commissioner of Social Security  
9 under this title, the amendments made thereby, and regu-  
10 lations prescribed thereunder, such Commissioner shall  
11 have the same authority as that vested in the Secretary  
12 of Health and Human Services with respect to the exercise  
13 of such functions immediately preceding the vesting of  
14 such functions in such Commissioner, and actions of such  
15 Commissioner shall have the same force and effect as  
16 when exercised by such Secretary.

17 (i) REPORT.—Within 120 days of the date of the en-  
18 actment of this title, the transition director and the Com-  
19 missioner of Social Security shall report to the Congress  
20 on the status of the transition to an independent Social  
21 Security Administration, and on any significant internal  
22 restructuring or management improvements that are pro-  
23 posed to be undertaken.



1 **SEC. 107. EFFECTIVE DATES.**

2 (a) IN GENERAL.—Except as provided in subsection  
3 (b), this title, and the amendments made by such title  
4 shall take effect on the earlier of—

5 (1) the date which is 180 days after the date  
6 of the enactment of this Act, or

7 (2) a date designated by the President.

8 (b) TRANSITIONAL RULES.—Section 106 shall take  
9 effect on the date of the enactment of this title.

10 **TITLE II—CONFORMING**  
11 **AMENDMENTS**

12 **SEC. 201. AMENDMENTS TO TITLES II AND XVI OF THE SO-**  
13 **CIAL SECURITY ACT.**

14 (a) IN GENERAL.—Title II (42 U.S.C. 401 et seq.)  
15 (other than section 201, section 218(d), section 231(c),  
16 section 226, and section 226A) and title XVI (42 U.S.C.  
17 1382 et seq.) (other than sections 1614(f)(2)(B) and  
18 1616(e)(3)) are each amended—

19 (1) by striking, wherever it appears therein,  
20 “Secretary of Health and Human Services” and in-  
21 serting “Commissioner of Social Security”;

22 (2) by striking, wherever it appears therein,  
23 “Department of Health and Human Services” and  
24 inserting “Social Security Administration”;

25 (3) by striking, wherever it appears therein,  
26 “Department” (but only if it is not immediately suc-

1       ceeded by the words “of Health and Human Serv-  
2       ices”, and only if it is used in reference to the De-  
3       partment of Health and Human Services) and in-  
4       serting “Administration”;

5           (4) by striking, wherever it appears therein,  
6       each of the following words (but, in the case of any  
7       such word only if such word refers to the Secretary  
8       of Health and Human Services): “Secretary”, “Sec-  
9       retary’s”, “his”, “him”, “he”, “her”, and “she”,  
10      and inserting (in the case of the word “Secretary”)  
11      “Commissioner of Social Security”, (in the case of  
12      the word “Secretary’s”) “Commissioner’s”, (in the  
13      case of the word “his”) “the Commissioner’s”, (in  
14      the case of the word “him”) “the Commissioner”,  
15      (in the case of the word “her”) “the Commissioner”  
16      or “the Commissioner’s”, as may be appropriate,  
17      and (in the case of the words “she” or “he”) “the  
18      Commissioner”; and

19           (5) by striking, wherever it appears therein,  
20      “Internal Revenue Code of 1954” and inserting “In-  
21      ternal Revenue Code of 1986”.

22      (b) AMENDMENTS TO SECTION 201.—(1)(A) Sec-  
23      tions 201(a)(3), 201(a)(4), 201(b)(1), and 201(b)(2) (42  
24      U.S.C. 401(a)(3), 401(a)(4), 401(b)(1), and 401(b)(2),  
25      respectively) are each amended by striking “Secretary of

1 Health and Human Services” each place it appears and  
2 inserting “Commissioner of Social Security”; and

3 (B) Sections 201(a)(3) and 201(b)(1) (42 U.S.C.  
4 401(a)(3) and 401(b)(1), respectively) are each amended  
5 by striking “such Secretary” and inserting “such Commis-  
6 sioner”.

7 (2) Section 201(c) (42 U.S.C. 401(c)) is amended—

8 (A) in the first sentence, by striking “shall be  
9 composed of” and all that follows down through “ex  
10 officio” and inserting the following: “shall be com-  
11 posed of the Commissioner of Social Security, the  
12 Secretary of the Treasury, and the Secretary of  
13 Health and Human Services, all ex officio”; and

14 (B) in the fifth sentence, by striking “The  
15 Commissioner of Social Security” and inserting  
16 “The Deputy Commissioner of Social Security”.

17 (3) Section 201(g)(1)(A) (42 U.S.C. 401(g)(1)(A)) is  
18 amended—

19 (A) in clause (i), by striking “by him and the  
20 Secretary of Health and Human Services” and in-  
21 serting “by him, the Commissioner of Social Secu-  
22 rity, and the Secretary of Health and Human Serv-  
23 ices”, and by striking “by the Department of Health  
24 and Human Services and the Treasury Department”  
25 and inserting “by the Social Security Administra-

1       tion, the Department of Health and Human Serv-  
2       ices, and the Department of the Treasury”;

3           (B) in clause (ii), by striking “method pre-  
4       scribed by the Board of Trustees under paragraph  
5       (4)” and inserting “applicable method prescribed  
6       under paragraph (4)”, by striking “the Secretary of  
7       Health and Human Services” and inserting “the  
8       Commissioner of Social Security and the Secretary  
9       of Health and Human Services”, and by striking  
10      “the Department of Health and Human Services”  
11      and inserting “the Social Security Administration  
12      and the Department of Health and Human Serv-  
13      ices”; and

14          (C) by striking the last sentence and inserting  
15      the following: “There are hereby authorized to be  
16      made available for expenditure, out of any or all of  
17      the Trust Funds, such amounts as the Congress  
18      may deem appropriate to pay the costs of the part  
19      of the administration of this title and title XVI for  
20      which the Commissioner of Social Security is respon-  
21      sible, the costs of title XVIII for which the Secretary  
22      of Health and Human Services is responsible, and  
23      the costs of carrying out the functions of the Social  
24      Security Administration, specified in section 232,  
25      which relate to the administration of provisions of

1 the Internal Revenue Code of 1986 other than those  
2 referred to in clause (i) of the first sentence of this  
3 subparagraph.”.

4 (4) Section 201(g)(1) (42 U.S.C. 401(g)(1)) is fur-  
5 ther amended by striking subparagraph (B) and inserting  
6 the following new subparagraphs:

7 “(B) After the close of each fiscal year—

8 “(i) the Commissioner of Social Security shall  
9 determine (I) the portion of the costs, incurred dur-  
10 ing such fiscal year, of administration of this title  
11 and title XVI and of carrying out the functions of  
12 the Social Security Administration, specified in sec-  
13 tion 232, which relate to the administration of provi-  
14 sions of the Internal Revenue Code of 1986 (other  
15 than those referred to in clause (i) of the first sen-  
16 tence of subparagraph (A)), which should have been  
17 borne by the general fund in the Treasury, (II) the  
18 portion of such costs which should have been borne  
19 by the Federal Old-Age and Survivors Insurance  
20 Trust Fund, and (III) the portion of such costs  
21 which should have been borne by the Federal Dis-  
22 ability Insurance Trust Fund, and

23 “(ii) the Secretary of Health and Human Serv-  
24 ices shall determine (I) the portion of the costs, in-  
25 curred during such fiscal year, of administration of

1 title XVIII which should have been borne by the  
2 general fund in the Treasury, (II) the portion of  
3 such costs which should have been borne by the Fed-  
4 eral Hospital Insurance Trust Fund, and (III) the  
5 portion of such costs which should have been borne  
6 by the Federal Supplementary Medical Insurance  
7 Trust Fund,

8 except that the determination of the amounts to be borne  
9 by the general fund in the Treasury with respect to ex-  
10 penditures incurred in carrying out such functions speci-  
11 fied in section 232 shall be made pursuant to the applica-  
12 ble method prescribed under paragraph (4) of this sub-  
13 section.

14 “(C) After the determinations under subparagraph  
15 (B) have been made for any fiscal year, the Commissioner  
16 of Social Security and the Secretary of Health and Human  
17 Services shall jointly certify to the Managing Trustee the  
18 amounts, if any, which should be transferred from one to  
19 any of the other of such Trust Funds and the amounts,  
20 if any, which should be transferred between the Trust  
21 Funds (or one of the Trust Funds) and the general fund  
22 in the Treasury, in order to ensure that each of the Trust  
23 Funds and the general fund in the Treasury have borne  
24 their proper share of the costs, incurred during such fiscal  
25 year, for (i) the part of the administration of this title

1 and title XVI for which the Commissioner of Social Secu-  
2 rity is responsible, (ii) the part of the administration of  
3 this title and title XVIII for which the Secretary of Health  
4 and Human Services is responsible, and (iii) carrying out  
5 the functions of the Social Security Administration, speci-  
6 fied in section 232, which relate to the administration of  
7 provisions of the Internal Revenue Code of 1986 (other  
8 than those referred to in clause (i) of the first sentence  
9 of subparagraph (A)). The Managing Trustee shall trans-  
10 fer any such amounts in accordance with any certification  
11 so made.”.

12 (5) Section 201(g)(2) (42 U.S.C. 401(g)(2)) is  
13 amended, in the second sentence, by striking “established  
14 and maintained by the Secretary of Health and Human  
15 Services” and inserting “maintained by the Commissioner  
16 of Social Security”, and by striking “Secretary shall fur-  
17 nish” and inserting “Commissioner of Social Security  
18 shall furnish”.

19 (6) Section 201(g)(4) (42 U.S.C. 401(g)(4)) is  
20 amended to read as follows:

21 “(4) The Commissioner of Social Security shall uti-  
22 lize the method prescribed pursuant to this paragraph, as  
23 in effect immediately before the date of the enactment of  
24 the Social Security Administration Independence Act of  
25 1994 for determining the costs which should be borne by

1 the general fund in the Treasury of carrying out the func-  
2 tions of the Social Security Administration, specified in  
3 section 232, which relate to the administration of provi-  
4 sions of the Internal Revenue Code of 1986 (other than  
5 those referred to in clause (i) of the first sentence of para-  
6 graph (1)(A)). If at any time or times thereafter the  
7 Boards of Trustees of such Trust Funds consider such  
8 action advisable, such Boards may modify the method of  
9 determining such costs.”.

10 (7) Section 201(i)(1) (42 U.S.C. 401(i)(1)) is amend-  
11 ed to read as follows:

12 “(i)(1) The Managing Trustee may accept on behalf  
13 of the United States money gifts and bequests made un-  
14 conditionally to the Federal Old-Age and Survivors Insur-  
15 ance Trust Fund, the Federal Disability Insurance Trust  
16 Fund, the Federal Hospital Insurance Trust Fund, or the  
17 Federal Supplementary Medical Insurance Trust Fund or  
18 to the Social Security Administration, the Department of  
19 Health and Human Services, or any part or officer there-  
20 of, for the benefit of any of such Funds or any activity  
21 financed through such Funds.”.

22 (8) Subsections (j) and (k) of section 201 (42 U.S.C.  
23 401) are each amended by striking “Secretary” each place  
24 it appears and inserting “Commissioner of Social  
25 Security”.



1       (9) Section 201(l)(3)(B)(iii)(II) (42 U.S.C.  
2 401(l)(3)(B)(iii)(II)) is amended by striking “Secretary”  
3 and inserting “Commissioner of Social Security”.

4       (10) Section 201(m)(3) (42 U.S.C. 401(m)(3)) is  
5 amended by striking “Secretary of Health and Human  
6 Services” and inserting “Commissioner of Social Secu-  
7 rity”.

8       (11) Section 201 (42 U.S.C. 401) is amended by  
9 striking “Internal Revenue Code of 1954” each place it  
10 appears and inserting “Internal Revenue Code of 1986”.

11       (c) AMENDMENTS TO SECTION 218.—Section 218(d)  
12 (42 U.S.C. 418(d)) is amended by striking “Secretary”  
13 each place it appears in paragraphs (3) and (7) and insert-  
14 ing “Commissioner of Social Security”.

15       (d) AMENDMENT TO SECTION 231.—Section 231(c)  
16 (42 U.S.C. 431(c)) is amended by striking “Secretary de-  
17 termines” and inserting “Commissioner of Social Security  
18 and the Secretary jointly determine”.

19 **SEC. 202. OTHER AMENDMENTS.**

20       (a) AMENDMENTS TO TITLE VII.—(1) Title VII (42  
21 U.S.C. 901 et seq.) is amended by adding at the end the  
22 following new section:

23               “DUTIES AND AUTHORITY OF SECRETARY

24               “SEC. 712. The Secretary shall perform the duties  
25 imposed upon the Secretary by this Act. The Secretary  
26 is authorized to appoint and fix the compensation of such

1 officers and employees, and to make such expenditures as  
2 may be necessary for carrying out the functions of the Sec-  
3 retary under this Act.”.

4 (2) Section 706 (42 U.S.C. 907) is amended—

5 (A) in subsection (a), by striking “Advisory  
6 Council on Social Security” and all that follows  
7 through “disability insurance program and” and in-  
8 serting “Advisory Council on Hospital and Supple-  
9 mentary Medical Insurance for the purpose of re-  
10 viewing the status of the Federal Hospital Insurance  
11 Trust Fund and the Federal Supplementary Medical  
12 Insurance Trust Fund in relation to the long-term  
13 commitments of”;

14 (B) in subsection (d), by striking paragraph (1)  
15 and by redesignating paragraphs (2) and (3) as  
16 paragraphs (1) and (2), respectively, and

17 (C) by striking the section heading and insert-  
18 ing the following:

19 “ADVISORY COUNCIL ON HOSPITAL AND SUPPLEMENTARY  
20 MEDICAL INSURANCE”.

21 (3) Paragraph (2) of section 709(b) (42 U.S.C.  
22 910(b)) is amended by striking “(as estimated by the Sec-  
23 retary)” and inserting “(for amounts which will be paid  
24 from the Federal Old-Age and Survivors Insurance Trust  
25 Fund and the Federal Disability Insurance Trust Fund,  
26 as estimated by the Commissioner, and for amounts which

1 will be paid from the Federal Hospital Insurance Trust  
2 and the Federal Supplementary Medical Insurance Trust  
3 Fund, as estimated by the Secretary)’’.

4 (4) Sections 709 and 710 (42 U.S.C. 910 and 911)  
5 are amended by striking “Internal Revenue Code of 1954”  
6 each place it appears and inserting “Internal Revenue  
7 Code of 1986”’.

8 (b) AMENDMENTS TO TITLE XI.—(1) Section  
9 1101(a) (42 U.S.C. 1301(a)) is amended by adding at the  
10 end the following new paragraph:

11 “(10) The term ‘Administration’ means the So-  
12 cial Security Administration, except where the con-  
13 text requires otherwise.”’.

14 (2) Section 1106(a) (42 U.S.C. 1306(a)) is amend-  
15 ed—

16 (A) by inserting “(1)” after “(a)”;

17 (B) by striking “Department of Health and  
18 Human Services” each place it appears and insert-  
19 ing “applicable agency”;

20 (C) by striking “Secretary” each place it ap-  
21 pears and inserting “head of the applicable agency”;  
22 and

23 (D) by adding at the end the following new  
24 paragraph:

1       “(2) For purposes of this subsection and subsection  
2 (b), the term ‘applicable agency’ means—

3           “(A) the Social Security Administration, with  
4       respect to matter transmitted to or obtained by such  
5       Administration or matter disclosed by such Adminis-  
6       tration, or

7           “(B) the Department of Health and Human  
8       Services, with respect to matter transmitted to or  
9       obtained by such Department or matter disclosed by  
10      such Department.”.

11      (3) Section 1106(b) (42 U.S.C. 1306(b)) is amend-  
12 ed—

13           (A) by striking “Secretary” each place it ap-  
14      pears and inserting “head of the applicable agency”;  
15      and

16           (B) by striking “Department of Health and  
17      Human Services” and inserting “applicable agency”.

18      (4) Section 1106(c) (42 U.S.C. 1306(c)) is amend-  
19 ed—

20           (A) by striking “the Secretary” the first place  
21      it appears and inserting “the Commissioner of Social  
22      Security or the Secretary”; and

23           (B) by striking “the Secretary” each subse-  
24      quent place it appears and inserting “such Commis-  
25      sioner or Secretary”.

1       (5) Section 1107(b) (42 U.S.C. 1307(b)) is amended  
2 by striking “the Secretary of Health and Human Serv-  
3 ices” and inserting “the Commissioner of Social Security  
4 or the Secretary”.

5       (6) Section 1110 (42 U.S.C. 1310) is amended—

6           (A) in subsection (a)(2), by inserting “(or the  
7 Commissioner, with respect to any jointly financed  
8 cooperative agreement or grant concerning titles II  
9 or XVI)” after “Secretary”;

10          (B) in subsection (b)—

11           (i) by striking “Secretary” each place it  
12 appears and inserting “Commissioner”, and

13           (ii) by striking “the Secretary’s” each  
14 place it appears and inserting “the Commis-  
15 sioner’s”; and

16          (C) by striking “he”, “his”, “him”, and “him-  
17 self” each place they appear (except in subsection  
18 (b)(2)(A)) and inserting “the Commissioner”, “the  
19 Commissioner’s”, “the Commissioner”, and “himself  
20 or herself”, respectively.

21       (7) Subsections (b) and (c) of section 1127 (42  
22 U.S.C. 1320a–6) are each amended by striking “Sec-  
23 retary” and inserting “Commissioner of Social Security”.

24       (8) Section 1128(f) (42 U.S.C. 1320a–7(f)) is  
25 amended by inserting after “section 205(g)” the following:

1 “, except that, in so applying such sections and section  
2 205(l), any reference therein to the Commissioner of So-  
3 cial Security or the Social Security Administration shall  
4 be considered a reference to the Secretary or the Depart-  
5 ment of Health and Human Services, respectively”.

6 (9) Section 1131 (42 U.S.C. 1320b-1) is amended—

7 (A) by striking “Secretary” each place it ap-  
8 pears and inserting “Commissioner of Social Secu-  
9 rity”;

10 (B) in subsection (a)(1)(A), by adding “or” at  
11 the end;

12 (C) in subsection (a)(1)(B), by striking “or” at  
13 the end;

14 (D) by striking subsection (a)(1)(C);

15 (E) by redesignating subsection (a)(2) as sub-  
16 section (a)(3);

17 (F) by inserting after subsection (a)(1) the fol-  
18 lowing new paragraph:

19 “(2) the Secretary makes a finding of fact and a deci-  
20 sion as to the entitlement under section 226 of any indi-  
21 vidual to hospital insurance benefits under part A of title  
22 XVIII, or”; and

23 (G) by striking “he” in the matter in subsection  
24 (a) following paragraph (3) (as so redesignated) and  
25 inserting “the Commissioner of Social Security”.

1       (10) Section 1155 (42 U.S.C. 1320c-4) is amended  
2 by striking “(to the same extent as is provided in section  
3 205(b))” and all that follows and inserting “(to the same  
4 extent as beneficiaries under title II are entitled to a hear-  
5 ing by the Commissioner of Social Security under section  
6 205(b)). For purposes of the preceding sentence, sub-  
7 section (l) of section 205 shall apply, except that any ref-  
8 erence in such subsection to the Commissioner of Social  
9 Security or the Social Security Administration shall be  
10 deemed a reference to the Secretary or the Department  
11 of Health and Human Services, respectively. Where the  
12 amount in controversy is \$2,000 or more, such beneficiary  
13 shall be entitled to judicial review of any final decision  
14 relating to a reconsideration described in this subsection.”.

15       (11) Sections 1101, 1106, 1107, and 1137 (42  
16 U.S.C. 1301, 1306, 1307, and 1320b-7, respectively) are  
17 amended by striking “Internal Revenue Code of 1954”  
18 each place it appears and inserting “Internal Revenue  
19 Code of 1986”.

20       (c) AMENDMENTS TO TITLE XVIII.—(1) Subsections  
21 (a) and (f) of section 1817 (42 U.S.C. 1395i) are amended  
22 by striking “Secretary of Health and Human Services”  
23 each place it appears and inserting “Commissioner of So-  
24 cial Security”.

1       (2) Section 1840(a) (42 U.S.C. 1395s(a)) is amend-  
2 ed—

3           (A) in paragraph (1), by striking “Secretary”  
4 and inserting “Commissioner of Social Security”,  
5 and by adding at the end the following new sentence:  
6 “Such regulations shall be prescribed after consulta-  
7 tion with the Secretary.”; and

8           (B) in paragraph (2), by striking “Secretary of  
9 Health and Human Services” and inserting “Com-  
10 missioner of Social Security”.

11       (3) Section 1872 (42 U.S.C. 1395ii) is amended by  
12 inserting after “title II” the following: “, except that, in  
13 applying such provisions with respect to this title, any ref-  
14 erence therein to the Commissioner of Social Security or  
15 the Social Security Administration shall be considered a  
16 reference to the Secretary or the Department of Health  
17 and Human Services, respectively”.

18       (4) Section 1869(b)(1) (42 U.S.C. 1395ff(b)(1)) and  
19 the last sentence of section 1876(c)(5)(B) (42 U.S.C.  
20 1395mm(c)(5)(B)) are amended by inserting after “sec-  
21 tion 205(g)” the following: “, except that, in so applying  
22 such sections and section 205(l), any reference therein to  
23 the Commissioner of Social Security or the Social Security  
24 Administration shall be considered a reference to the Sec-



1 retary or the Department of Health and Human Services,  
2 respectively”.

3 (5) Sections 1817, 1862, and 1886 (42 U.S.C. 1395i,  
4 1395y, and 1395ww, respectively) are amended by striking  
5 “Internal Revenue Code of 1954” each place it appears  
6 and inserting “Internal Revenue Code of 1986”.

7 (d) AMENDMENTS TO TITLE XIX.—(1) Section  
8 1905(q)(2) (42 U.S.C. 1396d(q)(2)) is amended by strik-  
9 ing “Secretary” and inserting “Commissioner of Social  
10 Security”.

11 (2) Section 1910(b)(2) (42 U.S.C. 1396i(b)(2)) is  
12 amended, in the first sentence, by inserting after “section  
13 205(g)” the following: “, except that, in so applying such  
14 sections and section 205(l), any reference therein to the  
15 Commissioner of Social Security or the Social Security Ad-  
16 ministration shall be considered a reference to the Sec-  
17 retary or the Department of Health and Human Services,  
18 respectively”.

19 (e) AMENDMENT TO TITLE XX.—Section  
20 2002(a)(2)(B) (42 U.S.C. 1397a(a)(2)(B)) is amended by  
21 striking “Internal Revenue Code of 1954” and inserting  
22 “Internal Revenue Code of 1986”.

23 (f) AMENDMENTS TO TITLE 5, UNITED STATES  
24 CODE.—Title 5, United States Code, is amended—

1           (1) by adding at the end of section 5311 the  
2 following new item:

3           “Commissioner, Social Security Administra-  
4 tion.”;

5           (2) by adding at the end of section 5313 the  
6 following new item:

7           “Deputy Commissioner, Social Security Admin-  
8 istration.”; and

9           (3) by striking “Secretary of Health Education,  
10 and Welfare” each place it appears in section 8141  
11 and inserting “Commissioner of Social Security”.

12       (g) AMENDMENTS TO FOOD STAMP ACT OF 1977.—

13       (1) Sections 6(c)(3) and 8(e)(6) of the Food Stamp Act  
14 of 1977 (7 U.S.C. 2015(c)(3) and 2017(e)(6)) are each  
15 amended by inserting “the Commissioner of Social Secu-  
16 rity and” before “the Secretary of Health and Human  
17 Services”.

18       (2) Sections 6(g), 11(j), and 16(e) of such Act (7  
19 U.S.C. 2015(g), 2020(j), and 2025(e)) are each amended  
20 by striking “Secretary of Health and Human Services”  
21 each place it appears and inserting “Commissioner of So-  
22 cial Security”.

23       (3) Section 11(i) of such Act (7 U.S.C. 2020(i)) is  
24 amended by adding “, the Commissioner of Social Secu-  
25 rity” after “the Secretary”.

1 (h) AMENDMENT TO TITLE 14, UNITED STATES  
2 CODE.—Section 707(e)(3) of title 14, United States Code,  
3 is amended by striking “Secretary of Health and Human  
4 Services” each place it appears and inserting “Commis-  
5 sioner of Social Security”.

6 (i) AMENDMENTS TO INTERNAL REVENUE CODE OF  
7 1986.—(1) Subsections (c)(1), (c)(2)(E), (g)(1),  
8 (g)(2)(A), and (g)(2)(B) of section 1402 of the Internal  
9 Revenue Code of 1986 (26 U.S.C. 1402) are amended by  
10 striking “Secretary of Health and Human Services” each  
11 place it appears and inserting “Commissioner of Social Se-  
12 curity”.

13 (2) Section 3121(b)(10)(B) of such Code (26 U.S.C.  
14 3121(b)(10)(B)) is amended by striking “Secretary of  
15 Health and Human Services” each place it appears and  
16 inserting “Commissioner of Social Security”.

17 (3) Section 3127 of such Code (26 U.S.C. 3127) is  
18 amended by striking “Secretary of Health and Human  
19 Services” each place it appears and inserting “Commis-  
20 sioner of Social Security”.

21 (4) Section 6050F(c)(1)(A) of such Code (26 U.S.C.  
22 6050F(c)(1)(A)) is amended by striking “Secretary of  
23 Health and Human Services” and inserting “Commis-  
24 sioner of Social Security”.

1       (5) Subsections (d) and (f) of section 6057 of such  
2 Code (26 U.S.C. 6057) are amended by striking “Sec-  
3 retary of Health and Human Services” each place it ap-  
4 pears and inserting “Commissioner of Social Security”.

5       (6) Section 6103(l)(5) of such Code (26 U.S.C.  
6 6103(l)(5)) is amended—

7           (A) by striking “Department of Health and  
8 Human Services” and inserting “Social Security Ad-  
9 ministration”; and

10          (B) by striking “Secretary of Health and  
11 Human Services” and inserting “Commissioner of  
12 Social Security”.

13       (7) Subsections (d)(3)(C) and (e) of section 6402 of  
14 such Code (26 U.S.C. 6402) are amended by striking  
15 “Secretary of Health and Human Services” each place it  
16 appears and inserting “Commissioner of Social Security”.

17       (8) Section 6511(d)(5) of such Code (26 U.S.C.  
18 6511(d)(5)) is amended by striking “Secretary of Health  
19 and Human Services” and inserting “Commissioner of So-  
20 cial Security”.

21       (j) AMENDMENTS TO TITLE 31, UNITED STATES  
22 CODE.—Section 3720A(f) of title 31, United States Code,  
23 is amended by striking “Secretary of Health and Human  
24 Services” each place it appears in and inserting “Commis-  
25 sioner of Social Security”.

1 (k) AMENDMENTS TO TITLE 38, UNITED STATES  
2 CODE.—Section 5105 of title 38, United States Code, is  
3 amended—

4 (1) by striking “Secretary of Health and  
5 Human Services” each place it appears and insert-  
6 ing “Commissioner of Social Security”; and

7 (2) by striking the second sentence of sub-  
8 section (b) and inserting the following new sentence:  
9 “A copy of each such application filed with either  
10 the Secretary or the Commissioner, together with  
11 any additional information and supporting docu-  
12 ments (or certifications thereof) which may have  
13 been received by the Secretary or the Commissioner  
14 with such application, and which may be needed by  
15 the other official in connection therewith, shall be  
16 transmitted by the Secretary or the Commissioner  
17 receiving the application to the other official.”.

18 (l) AMENDMENTS TO INSPECTOR GENERAL ACT OF  
19 1978.—The Inspector General Act of 1978 (5 U.S.C.  
20 App.) is amended—

21 (1) in section 9(a)(1), by striking “and” at the  
22 end of subparagraph (U), and by adding at the end  
23 the following new subparagraph:

24 “(V) of the Social Security Administration,  
25 the functions of the Inspector General of the

1 Department of Health and Human Services re-  
2 lating to the administration of the old-age, sur-  
3 vivors, and disability insurance program under  
4 title II of the Social Security Act and of the  
5 supplemental security income program under  
6 title XVI of such Act; and”;

7 (2) in section 11(1), by striking “or” after  
8 “Commission” and inserting a semicolon, and by in-  
9 serting after “Board;” the following: “or the Com-  
10 missioner of Social Security;”; and

11 (3) in section 11(2), by striking “or” after “In-  
12 formation Agency,”, and by inserting after “Veter-  
13 ans’ Administration” the following: “, or the Social  
14 Security Administration;”.

15 **SEC. 203. RULES OF CONSTRUCTION.**

16 (a) REFERENCES TO THE DEPARTMENT OF HEALTH  
17 AND HUMAN SERVICES.—Whenever any reference is made  
18 in any provision of law (other than this Act or a provision  
19 of law amended by this Act), regulation, rule, record, or  
20 document to the Department of Health and Human Serv-  
21 ices with respect to such Department’s functions under  
22 the old-age, survivors, and disability insurance program  
23 under title II of the Social Security Act or the supple-  
24 mental security income program under title XVI of such

1 Act, such reference shall be considered a reference to the  
2 Social Security Administration.

3 (b) REFERENCES TO THE SECRETARY OF HEALTH  
4 AND HUMAN SERVICES.—Whenever any reference is made  
5 in any provision of law (other than this Act or a provision  
6 of law amended by this Act), regulation, rule, record, or  
7 document to the Secretary of Health and Human Services  
8 with respect to such Secretary's functions under the old-  
9 age, survivors, and disability insurance program under  
10 title II of the Social Security Act or the supplemental se-  
11 curity income program under title XVI of such Act, such  
12 reference shall be considered a reference to the Commis-  
13 sioner of Social Security.

14 (c) REFERENCES TO OTHER OFFICERS AND EM-  
15 PLOYEES.—Whenever any reference is made in any provi-  
16 sion of law (other than this Act or a provision of law  
17 amended by this Act), regulation, rule, record, or docu-  
18 ment to any other officer or employee of the Department  
19 of Health and Human Services with respect to such officer  
20 or employee's functions under the old-age, survivors, and  
21 disability insurance program under title II of the Social  
22 Security Act or the supplemental security income program  
23 under title XVI of such Act, such reference shall be con-  
24 sidered a reference to the appropriate officer or employee  
25 of the Social Security Administration.

1 **SEC. 204. EFFECTIVE DATES.**

2 (a) IN GENERAL.—Except as provided in subsection  
3 (b), the provisions of this title shall take effect on the date  
4 established pursuant to section 107(a).

5 (b) EXCEPTIONS.—Subsections (f)(1), (f)(2), and (l)  
6 of section 202 shall take effect on the date of the enact-  
7 ment of this title.

8 **TITLE III—SOCIAL SECURITY**  
9 **DISABILITY AND REHABILITA-**  
10 **TION**

11 **SEC. 301. SHORT TITLE.**

12 This title may be cited as the “Social Security Dis-  
13 ability and Rehabilitation Act of 1994”.

14 **SEC. 302. REFORM OF MONTHLY INSURANCE BENEFITS**  
15 **BASED ON DISABILITY INVOLVING SUB-**  
16 **STANCE ABUSE.**

17 (a) SOCIAL SECURITY DISABILITY INSURANCE.—

18 (1) IN GENERAL.—Section 223 of the Social  
19 Security Act (42 U.S.C. 423) is amended by adding  
20 at the end the following new subsection:

21 “Limitation on Payment of Benefits by Reason of  
22 Substance Abuse

23 “(j)(1)(A) Notwithstanding any other provision of  
24 this title, no individual whose disability is based in whole  
25 or in part on a medical determination that the individual  
26 is a drug addict or alcoholic shall be entitled to benefits



1 under this title based on such disability with respect to  
2 any month, unless such individual—

3 “(i) is undergoing, or on a waiting list for, any  
4 medical or psychological treatment that may be ap-  
5 propriate for such individual’s condition as a drug  
6 addict or alcoholic (as the case may be) and for the  
7 stage of such individual’s rehabilitation at an insti-  
8 tution or facility approved for purposes of this para-  
9 graph by the Secretary (so long as access to such  
10 treatment is reasonably available, as determined by  
11 the Secretary), and

12 “(ii) demonstrates in such manner as the Sec-  
13 retary requires, including at a continuing disability  
14 review not later than one year after such determina-  
15 tion, that such individual is complying with the  
16 terms, conditions, and requirements of such treat-  
17 ment and with the requirements imposed by the Sec-  
18 retary under subparagraph (B).

19 “(B) The Secretary shall provide for the monitoring  
20 and testing of all individuals who are receiving benefits  
21 under this title and who as a condition of such benefits  
22 are required to be undergoing treatment and complying  
23 with the terms, conditions, and requirements thereof as  
24 described in subparagraph (A), in order to assure such  
25 compliance and to determine the extent to which the impo-

1 sition of such requirements is contributing to the achieve-  
2 ment of the purposes of this title. The Secretary may re-  
3 tain jurisdiction in the case of a hearing before the Sec-  
4 retary under this title to the extent the Secretary deter-  
5 mines necessary to carry out the preceding sentence. The  
6 Secretary shall annually submit to the Congress a full and  
7 complete report on the Secretary's activities under this  
8 paragraph.

9       “(C) The representative payee and the referral and  
10 monitoring agency for any individual described in subpara-  
11 graph (A) shall report to the Secretary any noncompliance  
12 with the terms, conditions, and requirements of the treat-  
13 ment described in subparagraph (A) and with the require-  
14 ments imposed by the Secretary under subparagraph (B).

15       “(D)(i) If the Secretary finds that an individual is  
16 not complying with the terms, conditions, and require-  
17 ments of the treatment described in subparagraph (A), or  
18 with the requirements imposed by the Secretary under  
19 subparagraph (B), or both, the Secretary, in lieu of termi-  
20 nation, may suspend such individual's benefits under this  
21 title until compliance has been reestablished, including  
22 compliance with any additional requirements determined  
23 to be necessary by the Secretary.

24       “(ii) Any period of suspension under clause (i) shall  
25 be taken into account in determining any 24-month period

1 described in subparagraph (E) and shall not be taken into  
2 account in determining the 36-month period described in  
3 such subparagraph.

4 “(E)(i) Except as provided in clause (ii), no individ-  
5 ual described in subparagraph (A) shall be entitled to ben-  
6 efits under this title for any month following the 24-month  
7 period beginning with the determination of the disability  
8 described in such subparagraph.

9 “(ii) If at the end of the 24-month period described  
10 in clause (i), the individual furnishes evidence in accord-  
11 ance with subsection (d)(5) that the individual continues  
12 to be under a disability based in whole or in part on a  
13 medical determination that the individual is a drug addict  
14 or alcoholic, such individual shall continue to be entitled  
15 to benefits under this title based on such disability.

16 “(iii) Subject to clause (iv), if such an individual con-  
17 tinues to be entitled to such benefits for an additional 24-  
18 month period following a determination under clause (ii),  
19 clauses (i) and (ii) shall apply with regard to any further  
20 entitlement to such benefits following the end of such ad-  
21 ditional period.

22 “(iv) In no event shall such an individual be entitled  
23 to benefits under this title for more than a total of 36  
24 months, unless upon the termination of the 36th month  
25 such individual furnishes evidence in accordance with sub-

1 section (d)(5) that the individual is under a disability  
2 which is not related in part to a medical determination  
3 that the individual is a drug addict or alcoholic.

4 “(2)(A) Any benefits under this title payable to any  
5 individual referred to in paragraph (1), including any ben-  
6 efits payable in a lump sum amount, shall be payable only  
7 pursuant to a certification of such payment to a qualified  
8 organization acting as a representative payee of such indi-  
9 vidual pursuant to section 205(j).

10 “(B) For purposes of subparagraph (A) and section  
11 205(j)(4), the term ‘qualified organization’—

12 “(i) shall have the meaning given such term by  
13 section 205(j)(4)(B), and

14 “(ii) shall mean an agency or instrumentality of  
15 a State or a political subdivision of a State.

16 “(3) Monthly insurance benefits under this title  
17 which would be payable to any individual (other than the  
18 disabled individual to whom benefits are not payable by  
19 reason of this subsection) on the basis of the wages and  
20 self-employment income of such a disabled individual but  
21 for the provisions of paragraph (1), shall be payable as  
22 though such disabled individual were receiving such bene-  
23 fits which are not payable under this subsection.”

24 (2) CONFORMING AMENDMENTS.—

1           (A) Section 205(j)(1) of such Act (42  
2           U.S.C. 405(j)(1)) is amended by inserting “, or  
3           in the case of any individual referred to in sec-  
4           tion 223(j)(1)(A)” after “thereby”.

5           (B) Section 205(j)(2)(D)(ii)(II) of such  
6           Act (42 U.S.C. 405(j)(2)(D)(ii)(II)) is amended  
7           by striking “legally incompetent or under the  
8           age of 15” and inserting “legally incompetent,  
9           under the age of 15, or a drug addict or alco-  
10          holic referred to in section 223(j)(1)(A)”.

11          (b) SUPPLEMENTAL SECURITY INCOME.—Paragraph  
12          (3) of section 1611(e) of the Social Security Act (42  
13          U.S.C. 1382(e)) is amended to read as follows:

14          “(3)(A)(i) No person who is an aged, blind, or dis-  
15          abled individual solely by reason of disability (as deter-  
16          mined under section 1614(a)(3)) shall be an eligible indi-  
17          vidual or eligible spouse for purposes of this title with re-  
18          spect to any month if such individual’s disability is based  
19          in whole or in part on a medical determination that the  
20          individual is a drug addict or alcoholic, unless such indi-  
21          vidual—

22                 “(I) is undergoing, or on a waiting list for, any  
23          medical or psychological treatment that may be ap-  
24          propriate for such individual’s condition as a drug  
25          addict or alcoholic (as the case may be) and for the

1 stage of such individual's rehabilitation at an insti-  
2 tution or facility approved for purposes of this para-  
3 graph by the Secretary (so long as access to such  
4 treatment is reasonably available, as determined by  
5 the Secretary), and

6 “(II) demonstrates in such manner as the Sec-  
7 retary requires, including at a continuing disability  
8 review not later than one year after such determina-  
9 tion, that such individual is complying with the  
10 terms, conditions, and requirements of such treat-  
11 ment and with the requirements imposed by the Sec-  
12 retary under clause (ii).

13 “(ii) The Secretary shall provide for the monitoring  
14 and testing of all individuals who are receiving benefits  
15 under this title and who as a condition of such benefits  
16 are required to be undergoing treatment and complying  
17 with the terms, conditions, and requirements thereof as  
18 described in clause (i), in order to assure such compliance  
19 and to determine the extent to which the imposition of  
20 such requirements is contributing to the achievement of  
21 the purposes of this title. The Secretary may retain juris-  
22 diction in the case of a hearing before the Secretary under  
23 this title to the extent the Secretary determines necessary  
24 to carry out the preceding sentence. The Secretary shall

1 annually submit to the Congress a full and complete report  
2 on the Secretary's activities under this subparagraph.

3       “(iii) The representative payee and the referral and  
4 monitoring agency for any individual described in clause  
5 (i) shall report to the Secretary any noncompliance with  
6 the terms, conditions, and requirements of the treatment  
7 described in clause (i) and with the requirements imposed  
8 by the Secretary under clause (ii).

9       “(iv)(I) If the Secretary finds that an individual is  
10 not complying with the terms, conditions, and require-  
11 ments of the treatment described in clause (i), or with the  
12 requirements imposed by the Secretary under clause (ii),  
13 or both, the Secretary, in lieu of termination, may suspend  
14 such individual's benefits under this title until compliance  
15 has been reestablished, including compliance with any ad-  
16 ditional requirements determined to be necessary by the  
17 Secretary.

18       “(II) Any period of suspension under subclause (I)  
19 shall be taken into account in determining any 24-month  
20 period described in clause (v) and shall not be taken into  
21 account in determining the 36-month period described in  
22 such clause.

23       “(v)(I) Except as provided in subclause (II), no indi-  
24 vidual described in clause (i) shall be entitled to benefits  
25 under this title for any month following the 24-month pe-

1 riod beginning with the determination of the disability de-  
2 scribed in such clause.

3       “(II) If at the end of the 24-month period described  
4 in subclause (I), the individual furnishes evidence in ac-  
5 cordance with section 223(d)(5) that the individual contin-  
6 ues to be under a disability based in whole on a medical  
7 determination that the individual is a drug addict or alco-  
8 holic, such individual shall be entitled to benefits under  
9 this title based on such disability for no more than an ad-  
10 ditional 36 months.

11       “(III) Subject to subclause (IV), if such an individual  
12 continues to be entitled to such benefits for an additional  
13 24-month period following a determination under  
14 subclause (II), subclauses (I) and (II) shall apply with re-  
15 gard to any further entitlement to such benefits following  
16 the end of such additional period.

17       “(IV) In no event shall such an individual be entitled  
18 to benefits under this title for more than a total of 36  
19 months, unless upon the termination of the 36th month  
20 such individual furnishes evidence in accordance with sec-  
21 tion 223(d)(5) that the individual is under a disability  
22 which is not related in part to a medical determination  
23 that the individual is a drug addict or alcoholic.

24       “(B)(i) Any benefits under this title payable to any  
25 individual referred to in subparagraph (A), including any



1 benefits payable in a lump sum amount, shall be payable  
2 only pursuant to a certification of such payment to a  
3 qualified organization acting as a representative payee of  
4 such individual pursuant to section 1631(a)(2)(A)(ii).

5 “(ii) For purposes of clause (i) and section  
6 1631(a)(2)(D), the term ‘qualified organization’—

7 “(I) shall have the meaning given such term by  
8 section 1631(a)(2)(D)(ii), and

9 “(II) shall mean an agency or instrumentality  
10 of a State or a political subdivision of a State.”

11 (c) EFFECTIVE DATES; AUTHORIZATIONS.—

12 (1) IN GENERAL.—Except as provided in para-  
13 graph (2), the amendments made by this section  
14 shall apply to benefits payable for determinations of  
15 disability made 90 or more days after the date of  
16 the enactment of this Act.

17 (2) CURRENT DETERMINATIONS.—

18 (A) IN GENERAL.—With respect to any in-  
19 dividual described in subparagraph (B), the  
20 Secretary of Health and Human Services shall  
21 provide during the 3-year period beginning after  
22 the date of the enactment of this Act for the  
23 application of the amendments made by this  
24 section to such individual with the time periods

1 described in such amendments to begin upon  
2 such application.

3 (B) INDIVIDUAL DESCRIBED.—An individ-  
4 ual is described in this subparagraph if such in-  
5 dividual is entitled to benefits under title II or  
6 XVI of the Social Security Act based on a dis-  
7 ability determined before the date described in  
8 paragraph (1) to be based in whole or in part  
9 on a medical determination that the individual  
10 is a drug addict or alcoholic.

11 (3) AUTHORIZATION OF APPROPRIATIONS.—  
12 There are authorized to be appropriated such sums  
13 as may be necessary to carry out the purposes of the  
14 provisions of, and the amendments made by, this  
15 section.

16 **SEC. 303. PRIORITY OF TREATMENT.**

17 The Secretary of Health and Human Services,  
18 through the Administrator of the Substance Abuse and  
19 Mental Health Services Administration, shall assure that  
20 every individual receiving disability benefits under title II  
21 or XVI of the Social Security Act based in whole or in  
22 part on a medical determination that the individual is a  
23 drug addict or alcoholic be given high priority for treat-  
24 ment through entities supported by the various States

1 through any substance abuse block grant authorized under  
2 law.

3 **SEC. 304. ESTABLISHMENT OF REFERRAL MONITORING**  
4 **AGENCIES REQUIRED IN ALL STATES.**

5 The Secretary of Health and Human Services shall,  
6 within 1 year of the date of the enactment of this Act,  
7 provide for the establishment of referral and monitoring  
8 agencies for each State for the purpose of carrying out  
9 the treatment requirements under sections 223(j)(1) and  
10 1611(e)(3)(A) of the Social Security Act (42 U.S.C.  
11 423(j)(1) and 1382(e)(3)(A)).

12 **SEC. 305. PROCEEDS FROM CERTAIN CRIMINAL ACTIVITIES**  
13 **CONSTITUTE SUBSTANTIAL GAINFUL EM-**  
14 **PLOYMENT.**

15 (a) SOCIAL SECURITY DISABILITY INSURANCE.—  
16 Section 223(d)(4) of the Social Security Act (42 U.S.C.  
17 423(d)(4)) is amended by inserting the following after the  
18 first sentence: “If an individual engages in a criminal ac-  
19 tivity to support substance abuse, any proceeds derived  
20 from such activity shall demonstrate such individual’s abil-  
21 ity to engage in substantial gainful activity.”.

22 (b) SUPPLEMENTAL SECURITY INCOME.—Section  
23 1614(a)(3)(D) of the Social Security Act (42 U.S.C.  
24 1382(a)(3)(D)) is amended by inserting the following  
25 after the first sentence: “If an individual engages in a

1 criminal activity to support substance abuse, any proceeds  
 2 derived from such activity shall demonstrate such individ-  
 3 ual's ability to engage in substantial gainful activity.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
 5 this section shall apply to disability determinations con-  
 6 ducted on or after the date of the enactment of this Act.

7 **SEC. 306. CONSISTENT PENALTY PROVISIONS FOR SSDI**  
 8 **AND SSI PROGRAMS.**

9 (a) FELONY PENALTIES FOR FRAUD.—

10 (1) IN GENERAL.—Subsection (a) of section  
 11 1631 of the Social Security Act (42 U.S.C. 1383a)  
 12 is amended by striking “shall be guilty of a mis-  
 13 demeanor and upon conviction thereof shall be fined  
 14 not more than \$1,000 or imprisoned for not more  
 15 than one year, or both” and inserting “shall be  
 16 guilty of a felony and upon conviction thereof shall  
 17 be fined under title 18, United States Code, or im-  
 18 prisoned for not more than five years, or both”.

19 (2) REPRESENTATIVE PAYEES.—

20 (A) SSDI.—Subsections (b) and (c) of sec-  
 21 tion 208 of such Act (42 U.S.C. 408) are  
 22 amended to read as follows:

23 “(b)(1) Any person or other entity who is convicted  
 24 of a violation of any of the provisions of this section, if  
 25 such violation is committed by such person or entity in

1 his role as, or in applying to become, a certified payee  
2 under section 205(j) on behalf of another individual (other  
3 than such person's spouse or an entity described in section  
4 223(j)(2)(B)(ii)), shall be guilty of a felony and upon con-  
5 viction thereof shall be fined under title 18, United States  
6 Code, or imprisoned for not more than five years, or both.

7       “(2) In any case in which the court determines that  
8 a violation described in paragraph (1) includes a willful  
9 misuse of funds by such person or entity, the court may  
10 also require that full or partial restitution of such funds  
11 be made to the individual for whom such person or entity  
12 was the certified payee.

13       “(3) Any person or entity convicted of a felony under  
14 this section or under section 1632(b) may not be certified  
15 as a payee under section 205(j).

16       “(c) For the purpose of subsection (a)(7), the terms  
17 ‘social security number’ and ‘social security account num-  
18 ber’ mean such numbers as are assigned by the Secretary  
19 under section 205(c)(2) whether or not, in actual use, such  
20 numbers are called social security numbers.”

21               (B) SSL.—Subsection (b)(1) of section  
22 1632 of such Act (42 U.S.C. 1383a) is amend-  
23 ed by striking “(other than such person’s  
24 spouse)” and all that follows through the period  
25 and inserting “(other than such person’s spouse

1           or an entity described in section  
2           1611(e)(3)(B)(ii)(II)), shall be guilty of a fel-  
3           ony and upon conviction thereof shall be fined  
4           under title 18, United States Code, or impris-  
5           oned for not more than five years, or both.”

6           (b) CIVIL ADMINISTRATIVE PENALTIES.—

7           (1) SSDI.—Section 208 of the Social Security  
8           Act (42 U.S.C. 408) is amended by adding at the  
9           end the following new subsections:

10          “(e) For administrative penalties for false claims and  
11          statements with respect to which an individual or other  
12          entity knows or has reason to know such falsity, see chap-  
13          ter 38 of title 31, United States Code.

14          “(f) In the case of the second or subsequent imposi-  
15          tion of an administrative or criminal penalty on any per-  
16          son or other entity under this section, the Secretary may  
17          exclude such person or entity from participation in any  
18          program under this title and titles V, XVI, XVIII, and  
19          XX, and may direct that such person or entity be excluded  
20          from any State health care program (as defined in section  
21          1128(h)) and any other Federal program as provided by  
22          law.”

23          (2) SSI.—

1           (A) IN GENERAL.—Section 1632 of such  
2           Act (42 U.S.C. 1383a) is amended by adding at  
3           the end the following new subsections:

4           “(c) For administrative penalties for false claims and  
5           statements with respect to which an individual or other  
6           entity knows or has reason to know such falsity, see chap-  
7           ter 38 of title 31, United States Code.

8           “(d) In the case of the second or subsequent imposi-  
9           tion of an administrative or criminal penalty on any per-  
10          son or other entity under this section, the Secretary may  
11          exclude such person or entity from participation in any  
12          program under this title and titles II, V, XVIII, and XX,  
13          and may direct that such person or entity be excluded  
14          from any State health care program (as defined in section  
15          1128(h)) and any other Federal program as provided by  
16          law.”

17          (B) CONFORMING AMENDMENT.—The  
18          heading for section 1632 of such Act (42  
19          U.S.C. 1383a) is amended by striking “FOR  
20          FRAUD”.

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall be effective on or after the date of the  
3 enactment of this Act.

Passed the Senate March 2 (legislative day, February 22), 1994.

Attest:

*Secretary.*



S 1560 ES——2

S 1560 ES——3

S 1560 ES——4

S 1560 ES——5